



**COVERED**  
**CALIFORNIA**

**PLAN MANAGEMENT ADVISORY GROUP**

February 14, 2019

# AGENDA

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### Plan Management and Delivery System Reform Advisory Group Meeting and Webinar

Thursday, February 14, 2019, 10:30 a.m. to 12:30 p.m.

Webinar link: <https://attendee.gotowebinar.com/rt/4171897155750816770>

- |                                  |                          |
|----------------------------------|--------------------------|
| I. Welcome and Agenda Review     | 10:30 - 10:35 (5 min.)   |
| II. 2020 Benefit Design Proposal | 10:35 - 11:35 (105 min.) |
| III. Open Forum                  | 12:20 – 12:30 (10 min.)  |

# 2020 BENEFIT DESIGN

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# 2019 PLANS IN THE DRAFT 2020 AV CALCULATOR

Due to AV requirements, the benefit workgroup considered a number of potential changes to cost shares for the 2020 benefit plan designs.

	Bronze		Silver				CCSB Silver		
	HDHP	Standard	Silver	Silver 73	Silver 87	Silver 94	Copay	Coins	HDHP
AV Target	60	60	70	73	87	94	70	70	70
Deviation Allowance	+/-2.0%	+/-2.0%	+/-2.0%	+/-1.0%	+/-1.0%	+/-1.0%	+/-2.0%	+/-2.0%	+/-2.0%
2019 AV	<b>61.62</b>	<b>60.94</b>	<b>71.84*</b>	<b>73.90*</b>	<b>87.85*</b>	<b>94.21</b>	<b>71.57*</b>	<b>71.90*</b>	<b>70.47</b>
2020 AV - Baseline	<b>62.93</b>	<b>62.39</b>	<b>73.33*</b>	<b>75.40*</b>	<b>88.55*</b>	<b>94.54</b>	<b>73.08*</b>	<b>73.39*</b>	<b>71.49</b>

	Gold		Platinum	
	Copay	Coins	Copay	Coins
AV Target	80	80	90	90
Deviation Allowance	+/-2.0%	+/-2.0%	+/-2.0%	+/-2.0%
2019 AV	<b>78.06</b>	<b>81.80</b>	<b>88.90</b>	<b>91.73</b>
2020 AV - Baseline	<b>79.28</b>	<b>82.75</b>	<b>89.63</b>	<b>92.18</b>

\*Final AV includes additive adjustment for drug copay accumulation

**Red text:** AV is outside de minimis range

**Blue text:** AV is within de minimis range

# GLOBAL CHANGES/DISCUSSION ITEMS: CCSB

## CHANGES TO CCSB-ONLY PLAN DESIGNS

- Creation of two new CCSB-only Gold plan designs (Coinsurance and Copay plans, similar to the existing Gold Plans)
- Mid-range AVs for CCSB-only Gold and Silver plans (i.e. 1-2% lower than the current AVs for Gold and Silver)

## Background

- Upon Exchange launch in 2014, the individual market benefit designs and CCSB benefit designs were at the low-to-middle range of the AV de minimis limit.
- Over the years, the approved Individual designs have moved to the high end of the AV range. This has carried over to the CCSB designs.
  - CCSB benefit designs have become richer (with related higher rates) than the small group market as a whole, resulting in potential enrollment losses.
    - Enrollment in the individual market is likely less affected by benefit design given subsidies received by the vast majority of individual enrollees.

# GLOBAL CHANGES/DISCUSSION ITEMS: CCSB (CONT.)

## CHANGES TO CCSB-ONLY PLAN DESIGNS (continued):

### Drivers for action on 2020 plans

- CCSB is seeing significant rate differences in 2018 and 2019 between its standard plan offerings and those of issuer direct offerings.
- Rate differences in 2020 could increase with resulting enrollment impacts if no action is taken.
- By taking some action to mitigate anticipated plan design differences with commensurate mitigation of rate increases, CCSB can lessen potential 2020 enrollment impacts.

### Goal for 2020

- Create less of a benefit design gap in richness of benefits on key metal tiers in a manner that is consistent with Covered California benefit design principles and operationally feasible.
  - 2020 focus is on Silver and Gold tiers, which have 70% of CCSB enrollment.

# GLOBAL CHANGES/DISCUSSION ITEMS: COPAY PLAN

**COPAY-ONLY PLAN:** Should Covered California include a new Silver plan in the Standard Benefit Plan Design (SBPD) that does not have a deductible and only copays, i.e. “Copay-only plan”?

- **Recommendation:** Based on workgroup and Advisory feedback, PMD recommends forgoing the copay-only plan proposal for 2020.
  - Unclear if this plan would be competitive, given high copays
  - Delayed 2020 AVC and upcoming Application and filing deadlines will make it difficult to fully vet this plan (confirm AVC inputs with Milliman, test how it may impact enrollment and APTC, etc.)

# GLOBAL CHANGES/DISCUSSION ITEMS: MHPAEA AND ENDNOTES

**COST-SHARING AND IMPACTS TO MHPAEA\* TESTING:** To the extent possible, how can Covered California prevent cost-sharing deviations resulting from MHPAEA testing and the SBPD?

- One option included changing mental health/substance use “other items and services” to coinsurance and moving some services in “other items” to “office visits.”
- **Recommendation:** Maintain this cost share at the copay amount for 2020 and collect more data on this service category to determine the impact to consumers if it is switched to coinsurance.

## ENDNOTE CHANGES

- Endnote #8: Change limit for oral anti-cancer drugs to \$250 to align with state law
- New Endnote #30: Clarifies that benefit designs that are not designated as “Individual-only” or “CCSB-only” are treated as separate plan designs in the individual and small-group markets for purposes of regulatory compliance.
- New Endnote #31: Clarifies approach for benefit deviations

# GLOBAL CHANGES/DISCUSSION ITEMS: DENTAL

## INCLUSION OF ADULT ORTHODONTIA BENEFIT IN THE FAMILY DENTAL PLAN

- **Recommendation:** Do not include orthodontia in Adult Dental benefits for the 2020 plan year and defer consideration of this benefit for a future plan year when we can better assess consumer demand and potential enrollment impacts.

## OTHER DENTAL BENEFIT DESIGN CHANGES

- Dental Copay Schedule: Inclusion of a new column, “Procedure Category,” to classify CDT codes into the dental plan design
- CDT code updates (see Dental Copay Schedule)

# PROPOSED COST SHARE CHANGES: PLATINUM, GOLD, SILVER

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

**Platinum Coinsurance and Copay Plans:** Increase MOOP from \$3,350 to \$4,500

**Individual-only Gold Coinsurance and Copay Plans:**

- Increase MOOP from \$7,200 to \$7,850
- Increase cost shares for specialist visit, labs, x-rays, Tier 3 drugs, ED visit

**Individual-only Silver Plan:**

- Increase MOOP from \$7,550 to \$7,850
- Increase medical deductible from \$2,500 to \$4,000
- Increase pharmacy deductible from \$200 to \$300
- Increase cost shares for labs, x-rays, imaging, drugs\*, ED visits

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# PROPOSED COST SHARE CHANGES: SILVER CSR

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

## Silver 73 Plan:

- Increase MOOP from \$6,300 to \$6,550
- Increase medical deductible from \$2,200 to \$3,700
- Increase pharmacy deductible from \$175 to \$275
- Increase cost shares for labs, x-rays, imaging, drugs\*, ED visits

## Silver 87 Plan:

- Increase MOOP from \$2,600 to \$2,700
- Increase medical deductible from \$650 to \$1,400
- Increase pharmacy deductible from \$50 to \$100
- Increase cost shares for labs, x-rays, drugs\*, ED visits

## Silver 94 Plan: No changes

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# PROPOSED COST SHARE CHANGES: BRONZE

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

## Bronze:

- Increase MOOP from \$7,550 to \$7,850
- Decrease member coinsurance from 100% to 40%
- Decrease office visit copays by \$10
- Decrease Tier 1 drug cost share from 100% member coinsurance (up to \$500) after the pharmacy deductible to \$18\* after pharmacy deductible

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# PROPOSED COST SHARE CHANGES: CCSB-ONLY PLANS

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

## NEW CCSB-only Gold Plans:

- \$7,850 MOOP
- \$250 medical deductible (no pharmacy deductible)
- \$25 primary care visits / \$50 specialist visits
- Medical deductible applies to ED visits, inpatient admissions, and skilled nursing facilities

## CCSB-only Silver Plans:

- Increase MOOP from \$7,550 to \$7,850
- Increase medical deductible from \$2,000 to \$2,250
- Increase pharmacy deductible from \$200 to \$300
- Increase cost shares for office visits, x-rays, imaging, drugs\*, ED visits
- Applied the medical deductible to ED visits

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# BRONZE HDHP

Based on predictions for the 2020 IRS maximum annual out-of-pocket expense limit for HDHP (expected in May 2019), the Bronze HDHP will not meet California AV requirements, which stipulate an AV variation of no more than +/-2%.

- The 2019 IRS limit for the maximum-allowed MOOP was \$6,750.
- The IRS limit typically increases by \$100 and is estimated to be \$6,850 in 2020.
- Changes solely to the MOOP result in an AV that far exceeds the AV de minimis range.
- If the deductible is set to the same amount as the MOOP (\$6,850), the AV is 0.2% over the limit.
- More than 235,000 enrollees are in the Bronze HDHP (on and off Exchange, individual and small group markets).

*The Bronze HDHP presented in the proposed plan designs meets the AV requirement (61.97%). It is based on an assumed IRS annual limit of **\$6,950**.*

# BRONZE HDHP: IMPACT OF IRS ANNUAL LIMIT ON AV

**Table 1: IRS and HHS Annual Limits on Cost Sharing: 2014-2020**

Year	IRS Annual Limits for HDHPs		HHS Annual Limits	
	Annual Limit	% Increase from previous year	Annual Limit	% Increase from previous year
<b>2014</b>	\$6,350	1.6%	\$6,350	--
<b>2015</b>	\$6,450	1.6%	\$6,600	3.9%
<b>2016</b>	\$6,550	1.6%	\$6,850	3.8%
<b>2017</b>	\$6,550	No Change	\$7,150	4.4%
<b>2018</b>	\$6,650	1.5%	\$7,350	2.8%
<b>2019</b>	\$6,750	1.5%	\$7,900	7.5%
<b>2020</b>	\$6,850*	1.5%	\$8,200	3.8%

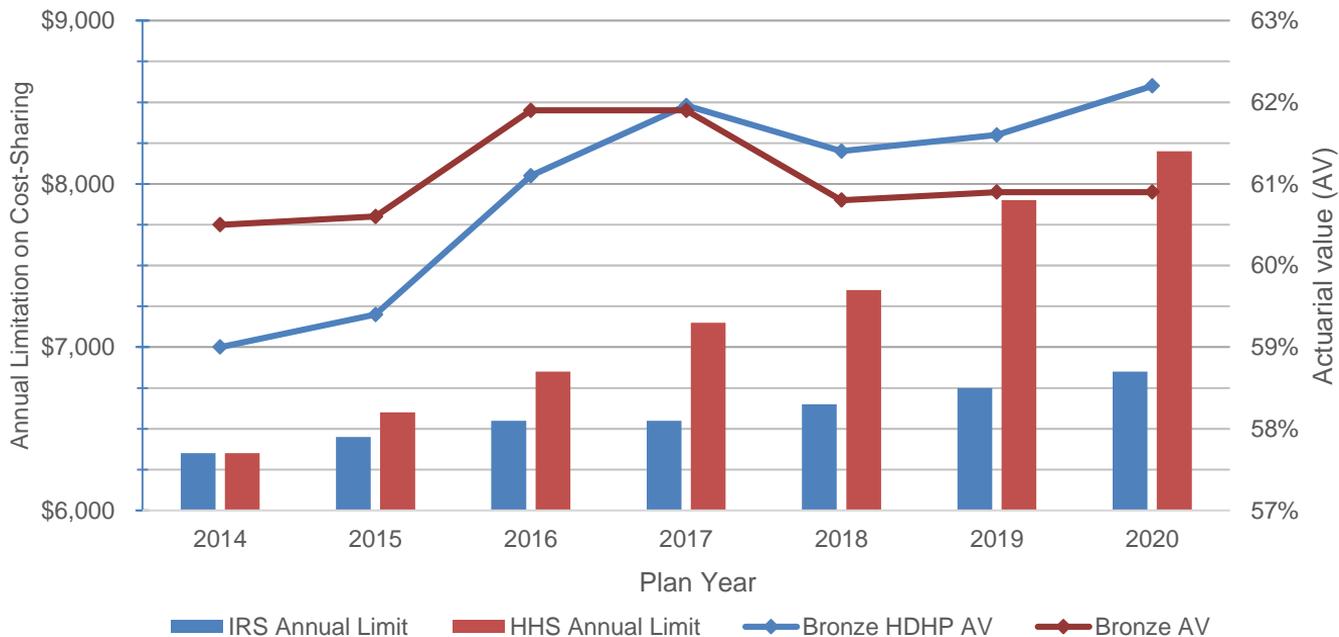
\*Assumed limit for 2020. The IRS will release the 2020 IRS Revenue Procedure in May.

**Table 2: Actuarial Values of Covered California Bronze vs. Bronze HDHP, 2014-2020**

Year	Bronze HDHP AV	Bronze AV
<b>2014</b>	59.0%	60.5%
<b>2015</b>	59.4%	60.6%
<b>2016</b>	61.1%	61.9%
<b>2017</b>	61.96%	61.9%
<b>2018</b>	61.4%	60.8%
<b>2019</b>	61.6%	60.9%
<b>2020</b>	62.2%	60.9%

# BRONZE HDHP: IMPACT OF IRS ANNUAL LIMIT ON AV (CONT.)

Annual Limitations on Cost-Sharing (IRS vs. HHS) and AV Trends (Bronze HDHP vs. Bronze), 2014-2020



# OPEN FORUM AND NEXT STEPS

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